

To:

Blood Banks

Dispensing
PhysiciansHMOs and Other
Managed Care
Programs

Nursing Facilities

Pharmacies

Nursing Facility Drug Returns

Return and reuse of medications

Effective February 1, 1999, nursing facilities are required to return all unused, Medicaid-covered medications that meet the criteria for acceptable returnable medications as defined under Phar 7.04, Wis. Admin. Code. Under this administrative code, medications are considered acceptable for return if they are in their original containers and if the pharmacist determines that the contents are unadulterated and uncontaminated. Original containers are those packages dispensed by the pharmacy.

Under this new policy, pharmacies are required to refund Wisconsin Medicaid for all of the returned items.

Both the American Society of Consultant Pharmacy and American Medical Association support the refund for returned drugs from nursing facilities. A study by Paone, et al (*Consultant Pharmacy*, January 1997) reported that 6.7% of drugs were wasted as the result of drugs being discontinued, patient discharges, or death.

Responsibilities of nursing facilities

Nursing facilities are required to:

- Maintain complete records of discontinued medications.
- Identify and return medications acceptable to return to the dispensing pharmacy.
- Destroy and record medications unacceptable for return.

Medications that must be returned to the dispensing pharmacy

Unless otherwise ordered by a physician, the nursing facility is required to return all allowed medications, both legend and over-the-counter (OTC) not included in the daily rate, to the dispensing pharmacy for credit within 72 hours:

- ✓ Of a physician's order discontinuing the medication's use.
- ✓ Of the resident's discharge from the nursing facility.
- ✓ Of the resident's death.

Medications that may not be returned to the dispensing pharmacy

Medications that are not acceptable for reuse must be destroyed. These include:

- ✓ Medications that have reached their expiration date.
- ✓ Controlled substances.

Two licensed personnel at the nursing facility must witness, sign, and date this destruction.

A nursing facility may not hold a resident's medications for more than 30 days unless the prescriber orders in writing, every 30 days, that the facility must hold the medications. HFS 132.65(6)(c), Wis. Admin. Code, defines the procedural and record keeping requirements that nursing facilities must follow for recipients' unused medications.

Effective February 1, 1999, nursing facilities are required to return all unused, Medicaid-covered medications that meet the criteria for acceptable returnable medications as defined under Phar 7.04, Wis. Admin. Code.

Responsibilities of pharmacies

When a dispensing pharmacy receives Medicaid-covered medications from a nursing facility, the dispensing pharmacy is required to credit Wisconsin Medicaid. Wisconsin Medicaid will no longer accept checks for refunds for these returns.

Billing and refund options

Pharmacists may choose one of the following options:

- Submit claims to Wisconsin Medicaid at the end of the billing cycle to decrease the need for claims adjustments. This allows pharmacies to only bill for the *actual number of units used by the recipient*.
- Alternatively, refund Wisconsin Medicaid for 80% of the returned drug product by submitting the adjustment request form found in Appendix 27 of Part A, the all-provider handbook. Pharmacies that submit electronic media claims (EMC) or paper claims are also required to use the adjustment process. Wisconsin Medicaid allows a

pharmacy to retain 20% of the total cost of the returned drug product to cover administrative costs. (Wisconsin Medicaid does not consider dispensing fees part of the total cost.)

Record keeping requirements

Pharmacies must follow current Medicaid and pharmacy practice record keeping requirements. Records must be accurate at the end of the billing cycle.

Pharmacies are required to retain a record of reusable medications for audit purposes and for correlation with records maintained by long-term nursing facilities. Pharmacies are not required to send Wisconsin Medicaid a record of reusable medications along with the adjustment form.

When a dispensing pharmacy receives Medicaid-covered medications from a nursing facility, the dispensing pharmacy is required to credit Wisconsin Medicaid.

The Wisconsin Medicaid Update is the first source for provider information including Medicaid policy and billing information.

Wisconsin Medicaid is administered by the Division of Health Care Financing, Wisconsin Department of Health and Family Services, P.O. Box 309, Madison, WI 53701-0309.

For provider questions, call the Medicaid fiscal agent, EDS, at (800) 947-9627 or (608) 221-9883.